

Stoneham Finance and Advisory Board
Monday, August 22, 2016—7:30pm
Stoneham Town Hall Hearing Room

ATTENDEES:

Patricia Walsh, *Chair*
Hilde McCormack, *Vice-Chair*

Ben Caggiano Stephanie Hayes
Thomas Dalton Angelo Mangino
Stephen Dapkiewicz Robert Verner
Julianne DeSimone

Lou Chiulli, *Stoneham Arena Manager and Invited Guest*
Dennis Visconti, *Open Space & Recreation Chairman and Invited Guest*
Don Piatt, *Town Accountant and Invited Guest*

AGENDA:

1. Pledge of Allegiance
2. Stoneham Arena Capital Improvements Discussion
3. Approval of meeting minutes from 7/25/2016
4. Miscellaneous

MINUTES:

At 7:30pm, the Chair called the meeting to order, directing the Board to Agenda Item #2 and inviting Mr. Chiulli to join the Board at the front of the room and begin discussion.

Mr. Chiulli detailed the many improvements made to the Stoneham Arena facility during his tenure there. He highlighted that many projects still need to be addressed, chief among them the floor—a 43-year-old concrete surface under the ice surface which is cracked and badly in need of replacement. He pointed out that arena floors typically have a lifespan of 20-25 years, and that during the spring of 2016, the cracks in the floor worsened. Mr. Chiulli fears that on the onset of cold weather this winter, the pipes will heave, break, and flood the arena with coolant liquid—a costly and disruptive threat to the Arena operations.

Mr. Chiulli said that for a decade, he has requested capital expenditure for the replacement and renovation of the arena floor, the heater, the cooling tower, the compressors, and the dehumidifier, but he believes that of all of these renovation requests, the floor is the most essential. He feels that if the floor lasts until next spring, then the Arena can close for the four months between April and July and replace the floor before reopening for the fall ice season in 2017.

The Chair inquired about the booking density of the Arena, and Mr. Chiulli informed the Board that nearly all ice time is booked between now and April. Upon further questioning from the Chair, Mr. Chiulli told the Board that most of the Arena revenue is contract-based, with users agreeing on the total cost and placing a deposit before any ice time is used. Any contract worth

less than \$5,000 requires at ten percent deposit and any contract worth more than \$5,000 requires a twenty percent deposit.

Mr. Caggiano inquired whether raising the rates for ice usage might place the Arena at risk of losing clients. Mr. Chiulli conceded that this was possible. The Vice Chair inquired how often users pay their bills, and Mr. Chiulli informed the Board that clients pay every two to three months as they collect their own revenues from members. Mr. Caggiano asked if the Arena has any outstanding debts owed to it, and Mr. Chiulli reported that there was no debt from FY16, and that by July 30, 2016, all outstanding bills had been paid to the Arena. Nonetheless, Mr. Chiulli reported his concern that the Arena has no contractual guidance from the Town, and in fact, the contracts for users are largely obsolete. He told the Board of multiple requests to Town Counsel to draft a new Arena contract.

Mr. Caggiano asked who is responsible for the billing and accounting at the Arena. Mr. Chiulli reported that he handles all payments, receipts, and bank deposits. A computer virus, contracted in March 2016, prevents him from using the management and accounting software typically used by the Arena, so all accounting and record-keeping are manually processed.

The Chair asked Mr. Chiulli why all ice time was not paid in full before use, as outlined in the user contract. Mr. Chiulli said that he does not have the resources to enforce this provision, and that his priority is ensuring the continued operation of the Arena and full payments by the end of the fiscal year. He said that if that provision is to be enforced, the Arena's part-time office assistant position would need to be expanded to a full-time position. Mr. Chiulli expressed his desire to return to contractual compliance but cites the Arenas need for further guidance from municipal authorities and more operational resources.

The Chair suggested that the accounting and software concerns at the Arena ought to be addressed before the Town can seriously consider incurring debt to pay for capital improvements to the Arena. She expressed her concern that without proper accounting software and appropriate human resources at the Arena, there are no revenue or accounting controls at the Arena. Mr. Piatt, the Town Accountant, pointed out that the Arena is in good standing with the municipal accounting office, but assented to the Chair's concerns.

The discussion shifted again to the rates paid for ice time at the Arena. Mr. Chiulli remarked that there is a waiting list for ice time, but the waiting list is for the current rate of \$245 per hour, not for an increased rate. He suggested a \$15 per year increase in rates, but the Chair pointed out that such an increase would not pay for the level of debt that a floor renovation would produce.

The Chair remarked that a 2017 renovation at the Arena would need approval from the October 2016 Town Meeting. Mr. Chiulli informed the Board that the four-month renovation would produce a loss of about \$72,000 in typical revenue for that season. The Arena does replace the ice surface biannually between April and June, so the revenue loss is relatively predictable.

The Chair introduced the discussion of two borrowing options for the project. First, the Town could borrow \$750,000 and replace only the Arena floor. This would require a rate increase of not less than \$30 per hour. Second, the Town could borrow \$1,500,000 and undergo additional

priority renovations at the Arena, which would require a rate increase of not less than \$50 per hour.

The Chair expressed the need for multiple renovation quotes and engineering documentation before the Town can reasonably be asked to incur such levels of debt for Arena renovations. Mr. Chiulli remarked that he was trying to obtain all such documentation.

Mr. Visconti, Open Space & Recreation Chairman, reminded the Board from the audience that his committee, Open Space & Recreation, had already voted that any costs of the Arena renovation must fall on users of the Arena, not the taxpayers.

The Chair remarked that with an engineering study, the Board could recommend the \$1,500,000 bond option to Town Meeting, providing a buffer of additional funds in case renovations run over budget or if additional renovations are needed.

Mr. Chiulli and Mr. Piatt reminded the Board that the Arena always maintains an operational profit, and that some of those profits could be sacrificed to soften the rate increases created by the borrowing. Mr. Piatt said his office would investigate and clarify exactly what impact this measure could have on rate increases.

Mr. Mahoney, an audience member and President of Stoneham Youth Hockey, rose to remark that he was concerned about a rate increase on the current 50 minute slots of ice time, but suggested that it might be beneficial for the Arena to shift to more appealing 60 minute slots of ice time. He informed that Board that a \$50 per hour increase in rates would cost individual members of Stoneham Youth Hockey approximately \$100 per year.

He elaborated that Stoneham Arena is an appealing and well-liked rink by many teams and organizations, but cautioned that Stoneham should be careful not to price the Arena out of the market. He asked that the Board remember that users like Stoneham Youth Hockey and Stoneham High School ARE taxpayers, and that the Board consider protecting users from the full burden of the financial increases.

The Chair directed the Board to Agenda Item #3 and the minutes of the 7/25/2016 meeting were approved.

The motion to adjourn the meeting was approved unanimously at 9:17pm.